



## Legislation Text

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### **Resolution - Approval of Capital Credits Distribution and Payment - J Davis**

**Submitted By:** Robyn Miller on behalf of John Davis

**Department:** Financial Services

**Financial Impact and Cost/Benefit Considerations:** Expenditure of Cooperative funds estimated in the approximate amount of \$12,300,000.00. Expenditures of staff time limited to ordinary processing requirements.

The Cooperative's Capital Credits Policy outlines the process for both General Capital Credits Retirements and Special Capital Credits Retirements including the payment of capital credits to members, former members and deceased members' estates, and also, permits the discounting of capital credits.

This is an annual review and discussion of the Capital Credits distribution and payment by the Board of Directors. Pursuant to its Policy, the Cooperative will retire capital credits in a manner that permits the Cooperative to comply with all applicable laws, all restrictions imposed by its debt financing covenants, the Cooperative Articles of Incorporation and Bylaws, is fair to the Cooperative's members and former members, and is reasonable to maintain a healthy financial state.

The Policy also requires the Cooperative to implement its retirement strategy with certain principles considering retirements to deceased estates, special retirements, and distributions and payments to the oldest outstanding year(s) for which allocations have been made and distributions and payments to the most recent year(s) with discounting for which allocations have been made.

The Board may consider General Capital Credits Retirements (distribution and payments) in an amount not to exceed \$12,000,000.00 to its members as credits on electric bills, and to any former members who are entitled to a General Capital Credits Retirement of at least \$10.00 by check in 2019. The Board may also consider Special Capital Credits Retirements (distribution and payments) in an amount not to exceed \$300,000.00 to its deceased members' estates.

The retirements (distribution and payment) of capital credits in an aggregate amount not to exceed \$12,300,000.00 would consist of approximately 97% of such amount towards General Capital Credits Retirements in an amount not to exceed \$12,000,000.00 to be distributed and paid to its members in proportions of approximately 30% to the oldest outstanding year(s) and approximately 67% to the most recent year(s) with discounting; and approximately 3% of such amount towards Special Capital Credits Retirements in an amount not to exceed \$300,000 to its deceased members' estates.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that the Board of Directors after its review, discussion and evaluation of the Capital Credits Policy and the financial state of the Cooperative and fairness to its members and former members, with input from the Cooperative's Chief Financial Officer, has determined that capital credit retirements as described herein will not result in any adverse impact to the Cooperative;

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that the Cooperative distribute and pay out an amount not to exceed \$12,000,000.00 on or prior to December 31, 2019 to its eligible members as credits on electric bills, and to any former members who are entitled to a distribution

of at least \$10.00 by check, as may be most effective and in the best interest of the Cooperative (General Capital Credits Retirements);

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative distribute and pay out an amount not to exceed \$300,000.00 to deceased members' estates who are entitled to a distribution, as may be most effective and in the best interest of the Cooperative (Special Capital Credits Retirements);

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the retirements and distribution and payment of capital credits to eligible members, to former members and to deceased members' estates be in accordance with the Cooperative's Articles of Incorporation and Bylaws, state and federal law, any lender requirements, and the Cooperative's Capital Credits Policy, which includes the order and manner of retirements, distribution and payments of capital credits and permits the discounting of such capital credits, which the Board hereby directs;

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Chief Financial Officer of the Cooperative, or designee, is authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to take actions necessary or appropriate in the best interests of the Cooperative to implement these resolutions.